

RECEIVED
LEGISLATIVE AUDITOR
2002 JUN 31 AM 11:25

PRINCESS THEATRE, INC.

FINANCIAL REPORT

DECEMBER 31, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-17-02

PRINCESS THEATRE, INC.

FINANCIAL REPORT

DECEMBER 31, 2001

Contents

	Page
Accountants' Compilation Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 – 8

HEARD McELROY & VESTAL

LLP
CERTIFIED PUBLIC ACCOUNTANTS

2400 FORSYTHE AVENUE
SUITE 201
MONROE, LA 71201
318-388-8975
318-388-8966 Fax
P. O. Box 7857
Monroe, LA
71211-7857

PARTNERS

J. PETER GAFFNEY, CPA, APC
SPENCER BERNARD, JR., CPA
H.Q. GAHAGAN, JR., CPA, APC
GERALD W. HEDGCOCK, JR., CPA, APC
TIM B. NIELSEN, CPA, APC
JOHN W. DEAN, CPA, APC
MARK D. ELDREDGE, CPA

MICHAEL E. GLEASON, CPA
ROBERT L. DEAN, CPA
GARY L. BOOTH, CPA, CFP, PES
STEPHEN W. CRAIG, CPA
OF COUNSEL
GILBERT R. SHANLEY, JR., CPA
C. CODY WHITE, JR., CPA, APC
WILLIAM L. HIGHTOWER, CPA

Accountants' Compilation Report

To the Board of Directors
Princess Theatre, Inc.
Winnsboro, Louisiana

We have compiled the accompanying statement of financial position of Princess Theatre, Inc. (a nonprofit organization) as of December 31, 2001, and the related statements of activities, functional expenses, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Heard, McElroy & Vestal, LLP

HEARD, MCELROY & VESTAL, L. L. P.
June 11, 2002

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • BOSSIER CITY • MONROE

hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

PRINCESS THEATRE, INC.
WINNSBORO, LOUISIANA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2001

ASSETS

Cash in checking	\$ 77,115
Prepaid expenses	1,243
Property and equipment	
Leasehold improvements	354,903
Accumulated depreciation	<u>(118,208)</u>
TOTAL ASSETS	<u>\$ 315,053</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Deferred revenues	<u>23,172</u>
TOTAL LIABILITIES	<u>23,172</u>

NET ASSETS

Unrestricted	<u>291,881</u>
TOTAL NET ASSETS	<u>291,881</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 315,053</u>

See accompanying notes and accountants' compilation report.

**PRINCESS THEATRE, INC.
WINNSBORO, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2001**

PUBLIC SUPPORT AND REVENUE

Support	
Business, civic & general public	\$ 51,470
Ticket sales	16,461
Interest income	2,865
Government grants	
State of Louisiana	<u>138,500</u>
 TOTAL PUBLIC SUPPORT AND REVENUE	 <u>209,296</u>

EXPENSES

Program services	74,645
Management and general	6,802
Fundraising	<u>-</u>
 TOTAL EXPENSES	 <u>81,447</u>

INCREASE IN NET ASSETS	127,849
------------------------	---------

NET ASSETS AT BEGINNING OF YEAR	<u>164,032</u>
---------------------------------	----------------

NET ASSETS AT END OF YEAR	<u><u>\$ 291,881</u></u>
---------------------------	--------------------------

See accompanying notes and accountants' compilation report.

PRINCESS THEATRE, INC.
WINNSBORO, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2001

	<u>Program Services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Supplies	\$ 3,326	\$ -	\$ -	\$ 3,326
Postage and shipping	-	980	-	980
Occupancy	5,072	564	-	5,636
Equipment rental and maintenance	2,761	-	-	2,761
Printing and publications	813	-	-	813
Travel	4,720	-	-	4,720
Miscellaneous expense	-	682	-	682
Office expense	-	2,041	-	2,041
Production costs	35,137	-	-	35,137
Depreciation	22,816	2,535	-	25,351
TOTAL FUNCTIONAL EXPENSES	\$ 74,645	\$ 6,802	\$ -	\$ 81,447

See accompanying notes and accountants' compilation report.

**PRINCESS THEATRE, INC.
WINNSBORO, LOUISIANA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2001**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 127,849
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	25,351
Decrease in prepaid expenses	5,121
Increase in deferred revenues	<u>7,747</u>
 Net Cash Provided by Operating Activities	 <u>166,068</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Improvements to Building	<u>(154,903)</u>
 Net Cash Used in Operating Activities	 <u>(154,903)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 11,165
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 <u>65,950</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u><u>\$ 77,115</u></u>

See accompanying notes and accountants' compilation report.

PRINCESS THEATRE, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 1 - Summary Of Significant Accounting Policies

NATURE OF ACTIVITIES

The Princess Theatre, Inc. (Theatre) was organized in 1993. The Theatre brings the arts to a rural area by presenting art and theatrical productions including pops concert and local productions. Ticket sales, donor contributions, and grants represent the Theatre's primary sources of revenues.

BASIS OF ACCOUNTING

All funds are accounted for using the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the organization pursuant to those stipulations or that expire by the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, the donors of such assets permit the organization to use all or part of the income earned on the assets.

See accountants' compilation report.

PRINCESS THEATRE, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 1 - Summary Of Significant Accounting Policies (continued)

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor stipulations. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

PROPERTY AND EQUIPMENT

Leasehold improvements are stated at cost. Depreciation is provided over the remaining term of the lease using the straight-line method.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Theatre considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

INCOME TAXES

The Theatre is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Theatre has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended December 31, 2001.

See accountants' compilation report.

PRINCESS THEATRE, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 2 - Use Of Estimates In The Preparation Of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - Leases

The Theatre leases the buildings where the theatre is located under a long-term lease which expires in June, 2008. The minimum rental commitments are as follows:

Year ended December 31

2002	\$ 100
2003	100
2004	100
2005	100
2006	100
2007 and thereafter	<u>150</u>
	\$ <u>650</u>

Rental expense applicable to this long-term lease for the year ended December 31, 2001, was \$100.

NOTE 4 - Government Grants

The Theatre entered into a cooperative endeavor agreement with the State of Louisiana on December 17, 1999, whereby the State of Louisiana agreed to provide the Theatre with funds on an as-needed basis not to exceed \$140,000. These funds were to be used solely for capital improvements to the Theatre and had to be expended within two years. The entire \$140,000 was received and expended in the current year. Therefore, this grant was properly recorded in this year as it was uncertain these funds would be received when requested in the prior year.

See accountants' compilation report.

**Independant Accountants' Report
on Applying Agreed-Upon Procedures**

To the Board of Directors
Princess Theatre, Inc.
Winnsboro, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Princess Theatre, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Princess Theatre, Inc.'s compliance with certain laws and regulations during the year ended December 31, 2001 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

The Princess Theatre, Inc. received \$140,000 from the State of Louisiana during the year ended December 31, 2001. These funds were received as a result of entering into a cooperative endeavor agreement with the State of Louisiana in December of 1999 (Princess Theatre Phase III, Project No. 50-NH9-99B-01). This grant was properly recorded in this year as it was uncertain these funds would be received when requested in the prior year.

2. For this state award we:
 - Randomly selected six disbursements administered during the period under examination.
 - Traced the six disbursements to supporting documentation as to proper amount and payee.
 - Determined if the six disbursements were properly coded to the correct fund and general ledger account.
 - Determined whether the six disbursements received approval from proper authorities.
 - Determined whether the six disbursements complied with the grant agreement, relating to activities allowed or unallowed, eligibility, and reporting.

Federal, State, and Local Awards (continued)

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

All of the payments were properly coded to the correct fund and general ledger account.

Inspection of documentation supporting each of the six selected disbursements indicated approval from either the president or executive director.

The six disbursements were for capital improvements of the theatre and were properly traced to the request submitted to the State of Louisiana.

3. For the program selected for testing in item (2) that has been closed out during the period under review, compare the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

No close-out report was required.

Meetings

4. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Princess Theatre, Inc. does not meet the definition of a public body and therefore the open meetings law does not apply to them.

Comprehensive Budget

5. For all grants exceeding five thousand dollars, determine that each applicable federal, state, or local grantor agency/agencies was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

The Princess Theatre, Inc. provided a comprehensive budget to the State of Louisiana for the program mentioned previously. This budget specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

6. Our engagement will include a review of any prior-year suggestions, recommendations, and/or comments and will indicate the extent to which such matters have been resolved.

There were no suggestions, recommendations, and/or comments made for the year ended December 31, 2000.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Princess Theatre, Inc., the Legislative Auditor, State of Louisiana, and Facility Planning and Control, Division of Administration, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Heard, McElroy & Vestal, LLP

HEARD, MCELROY & VESTAL, L. L. P.

June 11, 2002

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)
JUNE 26, 2002 (Date Transmitted)

HEARD, MCELROY & VESTAL
2400 FORSYTHE AVE SUITE 201
MONROE LA 71201

(Auditors)

In connection with your compilation of our financial statements as of DECEMBER 31, 2001 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of 4/11/02 completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes ☒ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes ☐ No ☐ NA

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes ☒ No ☐

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes ☐ No ☐ *N/A*

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

Secretary _____ Date _____
 Treasurer 6/11/02 Date _____
 President _____ Date _____
 Naomi P. Cordill Ex. Director 6/11/02